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PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1994-1995*

PART IX. JOINTLY FINANCED ACTIVITIES AND SPECIAL EXPENSES

Section 27. *Special expenses*

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* The present document contains section 27 of the proposed programme budget for the biennium 1994-1995. The complete proposed programme budget will subsequently be issued in final printed form as *Official Records of the General Assembly, Forty-eighth Session, Supplement No. 6* (A/48/6/Rev.1).

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PART IX

JOINTLY FINANCED ACTIVITIES AND SPECIAL EXPENSES

SECTION 27. SPECIAL EXPENSES

Overview

TABLE 27.1. SUMMARY OF 1994-1995 REQUIREMENTS BY PROGRAMME

(Thousands of United States dollars)

(1) Regular budget

	1992-1993 revised appropriation	*Resource growth*		*Total before recosting*	*Recosting*	*1994-1995 estimates*
		Amount	*Percentage*			
A. Contributions to after-service health insurance	19 800.7	1 108.1	5.5	20 908.8	7 309.8	28 218.6
B. Compensatory payments	1 575.0	-	-	1 575.0	116.1	1 691.1
C. General insurance	1 073.7	-	-	1 073.7	80.7	1 154.4
D. Bank charges	154.4	-	-	154.4	11.6	166.0
E. Inter-organizational security measures	118.7	481.3	405.4	600.0	33.7	633.7
F. Other special expenses	-	5 491.9	*	5 491.9	308.6	5 800.5
Total, regular budget	**22 722.5**	**7 081.3**	**31.1**	**29 803.8**	**7 860.5**	**37 664.3**

(2) Extrabudgetary resources

	1992-1993 estimated expenditures	*Source of funds*	*1994-1995 estimated expenditures*
	-	*(a)* Services in support of:	
		(i) Other United Nations organizations	-
		(ii) Extrabudgetary programmes	4 979.7
Total *(a)*	-		**4 979.7**
		(b) Substantive activities	
Total *(b)*	-		-
		(c) Operational projects	
Total *(c)*	-		-
Total *(a)*, *(b)* and *(c)*	-		**4 979.7**
		Total costs	**42 644.0**

TABLE 27.2. SUMMARY OF 1994-1995 ESTIMATES BY OBJECT OF EXPENDITURE

(Thousands of United States dollars)

Object of expenditure	*1992-1993 revised appropriation*	*Resource growth*		*Total before recosting*	*Recosting*	*1994-1995 estimates*
		Amount	*Percentage*			
Staff costs	21 376.3	7 199.4	33.6	28 575.7	7 768.2	36 343.9
Consultants and experts	15.7	(15.7)	(100.0)	-	-	-
Travel on official business	57.1	(57.1)	(100.0)	-	-	-
General operating expenses	1 265.5	(37.4)	(2.9)	1 228.1	92.3	1 320.4
Supplies and materials	7.4	(7.4)	(100.0)	-	-	-
Furniture and equipment	0.5	(0.5)	(100.0)	-	-	-
Total, regular budget	**22 722.5**	**7 081.3**	**31.1**	**29 803.8**	**7 860.5**	**37 664.3**

A. After-service health insurance

TABLE 27.3. SUMMARY OF 1994-1995 ESTIMATES BY OBJECT OF EXPENDITURE

(Thousands of United States dollars)

(1) Regular budget

Object of expenditure	*1992-1993 revised appropriation*	*Resource growth*		*Total before recosting*	*Recosting*	*1994-1995 estimates*
		Amount	*Percentage*			
Staff costs	19 800.7	1 108.1	5.5	20 908.8	7 309.8	28 218.6

(2) Extrabudgetary resources

	1992-1993 estimated expenditures	*Source of funds*	*1994-1995 estimated expenditures*
		(*a*) Services in support of:	
		(i) Other United Nations organizations	-
		(ii) Extrabudgetary programmes	4 979.7
Total (*a*)	-		**4 979.7**
	-	(*b*) Substantive activities	-
Total (*b*)	-		-
	-	(*c*) Operational projects	-
Total (*c*)	-		-
Total (*a*), (*b*) and (*c*)	-		**4 979.7**
		Total costs	**33 198.3**

Overview

27.1 The after-service health insurance coverage (for hospitalization, medical and dental expenses) is provided to retired staff members and their dependents in accordance with a General Assembly decision taken at its twenty-first session. By the same decision, the coverage is also provided to staff members whose appointment is terminated as a result of disability. In the case of retirement, the staff member is eligible for the after-service health insurance coverage if he/she has participated in the United Nations system health insurance plan for at least 10 years and provided that at the time of separation he/she has contributed to any United Nations system health insurance plan for a period of no less than five years. In all cases, coverage is available only to those who are eligible to receive a periodic benefit from the United Nations Joint Staff Pension Fund or under the rules governing compensation for service-incurred death, injury or illness. The Organization and the participants initially shared equally in the contributions to insurance coverage. However, the Assembly, in its resolution 38/235 of 20 December 1983, *inter alia*, approved a revision of the respective shares of the Organization and contributors, in line with a formula recommended by ICSC and the Advisory Committee on Administrative and Budgetary Questions. Implementation of the new cost-sharing arrangement, which became effective on 1 January 1984, has resulted in the application of a ratio of 2 to 1 between the share of the Organization and that of the contributors.

27.2 By its resolution 40/258 of 18 December 1985, the General Assembly decided to extend the after-service health insurance coverage to former locally recruited staff who participated in a medical expense assistance plan under appendix E to the Staff Rules.

27.3 From the modest scale at its inception, the after-service health insurance programme has grown substantially in terms of both the number of participants and the cost. The growth in the resources for the programme since the mid-1980's has been particularly marked, stemming from demographic phenomena and, predominantly, from the escalation of medical costs and the related insurance premiums.

Resource requirements (at current rates)

Staff costs

27.4 The proposed requirements of $20,908,800 include a provision of $19,800,700 for maintaining the membership in the after-service health insurance programme at the level of the biennium 1992-1993 and a growth of $1,108,100 due to an anticipated annual 5.5 per cent increase in membership in the insurance programme during the biennium 1994-1995. The proposed provision of $20,908,800 is based on an assumption that 85 per cent of the total subsidy is attributable to the regular budget and 15% to various extrabudgetary accounts, taking into account the views expressed by the Advisory Committee on Administrative and Budgetary Questions to the effect that extrabudgetary funds, such as programme support accounts, and peace-keeping accounts, should bear a fair share of these requirements. The percentage is based on the relative share of staff who at the time of retirement are financed from extrabudgetary sources.

B. Compensatory payments

TABLE 27.4. SUMMARY OF 1994-1995 ESTIMATES BY OBJECT OF EXPENDITURE

(Thousands of United States dollars)

(1) Regular budget

Object of expenditure	*1992-1993 revised appropriation*	*Resource growth*		*Total before recosting*	*Recosting*	*1994-1995 estimates*
		Amount	*Percentage*			
Staff costs	1 575.0	-	-	1 575.0	116.1	1 691.1

Overview

27.5 The estimates under compensatory payments provide for compensation to members of commissions, committees or other similar United Nations bodies in the event of death, injury or illness attributable to service with the United Nations. The responsibilities of the United Nations in this area, as well as the rules governing compensatory payments, are detailed in ST/SGB/103/Rev.1.

27.6 Compensation is also provided to staff members or their dependants in event of death, injury or illness attributable to the performance by the staff member of official duties on behalf of the United Nations. The compensation is governed by the specific rules under appendix D to the Staff Rules, as detailed in ST/SGB/Staff Rules/Appendix D/Rev.1/Amend.1.

27.7 The costs incurred on both those accounts may include death annuities, monthly benefits for incapacity resulting from injury or illness, lump-sum indemnities for permanent disabilities, and medical, hospital and other directly related expenses.

Resource requirements (at current rates)

Staff costs

27.8 The estimated requirements of $1,575,000 are based on the number of claims and average costs of compensation in respect of death, injury or illness of staff members in the performance of official duties. The number of claims submitted for review by the Advisory Board on Compensation Claims and by the United Nations Claims Board amounted to 200 in 1990, 262 in 1991 and 242 in 1992. The actual expenditure for compensatory payments amounted to $1,373,700 in 1990-1991 and to $866,000 in 1992.

C. General insurance

TABLE 27.5. SUMMARY OF 1994-1995 ESTIMATES BY OBJECT OF EXPENDITURE

(Thousands of United States dollars)

Object of expenditure	*1992-1993 revised appropriation*	*Resource growth*		*Total before recosting*	*Recosting*	*1994-1995 estimates*
		Amount	*Percentage*			
General operating expenses	1 073.7	-	-	1 073.7	80.7	1 154.4

Overview

27.9 The provisions under general insurance relate mainly to insurance of the buildings and property owned by the United Nations Headquarters, including automobiles and art works as well as to insurance of aircraft used for travel by the Secretary-General, and not owned by the United Nations, and insurance for other air travel. In addition, in accordance with General Assembly resolution 41/210 of 11 December 1986, the United Nations has established a self-insurance plan for general liability risk in respect of acts occurring within the Headquarters district in the United States of America.

Resource requirements (at current rates)

General operating expenses

27.10 The estimated requirements of $1,073,700 for general insurance include a provision of $611,200 for commercial insurance estimated on the basis of recent trends in premium rates in the commercial insurance markets. In addition, a provision of $462,500 would be required for general liability insurance, broken down as follows:

	$
(a) Costs of irrevocable letter of credit (in replacement of costs of purchased certificates of insurance)	12 500
(b) Costs of liability claims processing and associated legal expenses and expert advice	50 000
(c) Two annual instalments ($200,000 each) for the liability reserve fund under the self-insurance plan in accordance with General Assembly resolution 41/210	400 000
Total	462 500

D. Bank charges

TABLE 27.6. SUMMARY OF 1994-1995 ESTIMATES BY OBJECT OF EXPENDITURE

(Thousands of United States dollars)

Object of expenditure	*1992-1993 revised appropriation*	*Resource growth*		*Total before recosting*	*Recosting*	*1994-1995 estimates*
		Amount	*Percentage*			
General operating expenses	154.4	-	-	154.4	11.6	166.0

Resource requirements (at current costs)

General operating expenses

27.11 The estimated requirements of $154,400 relate to airmail, cable and commission costs charged to the Organization by banks in respect of remittance and bank transfers made by them on its behalf.

E. Interorganizational security measures

TABLE 27.7. SUMMARY OF 1994-1995 ESTIMATES BY OBJECT OF EXPENDITURE

(Thousands of United States dollars)

Object of expenditure	*1992-1993 revised appropriation*	*Resource growth*		*Total before recosting*	*Recosting*	*1994-1995 estimates*
		Amount	*Percentage*			
Staff costs	0.6	599.4	99 900.0	600.0	33.7	633.7
Consultants and experts	15.7	(15.7)	(100.0)	-	-	-
Travel on official business	57.1	(57.1)	(100.0)	-	-	-
General operating expenses	37.4	(37.4)	(100.0)	-	-	-
Supplies and materials	7.4	(7.4)	(100.0)	-	-	-
Furniture and equipment	0.5	(0.5)	(100.0)	-	-	-
Total, regular budget	**118.7**	**481.3**	**405.4**	**600.0**	**33.7**	**633.7**

Resource requirements (at current rates)

Staff costs

27.12 Pursuant to General Assembly resolution 46/187 of 20 December 1991, the Secretary-General is authorized to enter into commitments in an amount not exceeding $500,000 in the biennium 1992-1993 for interorganizational security measures. It is anticipated that the mechanism of the United Nations resolution on unforeseen and extraordinary expenses will continue to be utilized to accommodate expenditures relating to such security measures. Related appropriations would be added through the performance reports on the programme budget for the biennium 1994-1995, and therefore no provision is requested at this stage.

27.13 The estimated requirements of $600,000 relate to the United Nations share in the cost of life insurance coverage which has been obtained as at 1 January 1990 on a system-wide basis for staff members required to work in areas which, as determined by the United Nations Security Coordinator, might involve certain risks. During the bienniums 1990-1991 and 1992-1993 expenditures relating to life insurance were financed through the mechanism of the General Assembly resolutions on unforeseen and extraordinary expenses. For the biennium 1994-1995, however, this type of expenditure is

reasonably foreseeable and can be estimated with the required degree of accuracy. The United Nations share of $600,000 is estimated at 20 per cent of the anticipated overall cost of life insurance coverage system-wide in 1994-1995 ($3,000,000).

27.14 Coverage is related to malicious acts only, that is, for death or disability caused directly by war, invasion, acts of foreign enemies, hostilities, civil war, revolution, rebellion, insurrection, military or usurped power, riots or civil commotion, sabotage, explosion of war weapons, terrorist activities, murder or assault by foreign enemies or any attempt thereat.

27.15 The following categories of staff are covered by this policy: internationally recruited professional staff, experts and consultants on official mission/travel/daily subsistence allowance status and other United Nations official visitors in the designated countries, internationally-recruited General Service staff as well as all staff paid on the basis of the Field Service category and locally recruited staff members (coverage is for service-incurred events only, including travel to and from the workplace).

F. Other special expenses

TABLE 27.8. SUMMARY OF 1994-1995 ESTIMATES BY OBJECT OF EXPENDITURE

(Thousands of United States dollars)

Object of expenditure	*1992-1993 revised appropriation*	*Resource growth*		*Total before recosting*	*Recosting*	*1994-1995 estimates*
		Amount	*Percentage*			
Staff costs	-	5 491.9	-	5 491.9	308.6	5 800.5

Resource requirements (at current rates)

Staff costs

27.16 A provision of $5,491,900 is proposed to cover the cost of a number of cases of agreed separation of staff during the biennium 1994-1995. Owing to the changing demands on the Organization and problems of placement following restructuring of the Secretariat, it may be anticipated that the number of such separations will be higher during 1994-1995 than the level at which the related cost can be absorbed from within common staff costs provisions at standard cost rates.